



DOE Contract No. DE-AC05-98OR22700

Job No. 23900

HR-07-2497

September 24, 2007

Ms. Shirley C. Vogel
Contracting Officer
U.S. Department of Energy
Post Office Box 2001
Oak Ridge, Tennessee 37831

Dear Ms. Vogel:

DE-AC05-98OR22700: DOE-ORO Fiscal Year 2008 Contractor Extension of Reduction Impact Group Transfer Agreement

In October 2001, a "Reduction Impact Group Transfer" agreement between DOE-ORO Contractors (BWXT Y-12 LLC, UT-Battelle LLC, and Bechtel Jacobs Company LLC) was approved to facilitate transfers of employees with continuity of service for pension and severance allowance among the three listed ORO Contractors. This agreement allowed employees, who receive a reduction notice, to be considered for employment with one of the other members of the agreement. A review at the end of FY 2007 was conducted, and it was determined that a continuation of the agreement was warranted through FY 2008. It was agreed that another review would be conducted at the end of FY 2008.

Each of the three signing company representatives agree that continuation of this agreement is still beneficial to all parties involved. The agreement avoids severance pay obligations, allows the gaining organization to meet its hiring needs, maximizes the utilization of active clearances, and helps to place a displaced worker.

With your approval, the "Reduction Impact Group Transfer Agreement" will be extended to the end of FY 2008, at which time the agreement will again be reviewed to determine if a continuation of the agreement is warranted. BJC will pick up the fully executed agreement and make distribution when complete. Please call Steve Shook at 241-1151 if you have any questions.

07NOV15AM11:11

Sincerely,

Stephen J. Buckley
Vice President and Deputy General Manager

SJB:KAS:cs

Enclosure: DOE-ORO Contractor Reduction Impact Group Transfer Agreement dated October 25, 2001

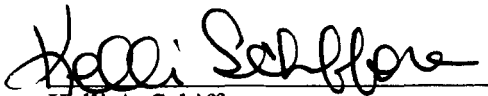
c/enc: J.Y. Albaugh, DOE-ORO
L.Barreras, UT-Battelle
L.B. Carter, DOE-ORO
P.F. Clay

M.C. Hughes
S.H. McCracken DOE-ORO
M.A. Million, DOE-ORO

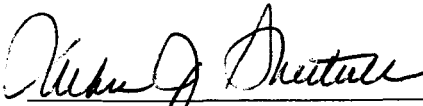
K.A. Schifferer
D.J. Shecterle, BWXT Y-12
S.K. Shook
File—EMEF DMC—RC

Ms. Shirley C. Vogel
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Concurrence:



Kelli A. Schifferer
Manager of Human Resources
Bechtel Jacobs Company LLC

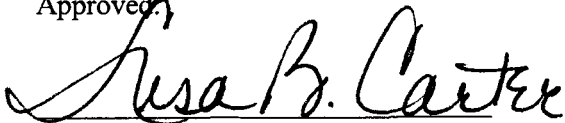


Debra J. Sheeterle
Senior Vice President & Chief Human Capital Officer
BWXT Y-12 LLC



Lori Barreras
Director of Human Resources
UT-Battelle LLC

Approved:



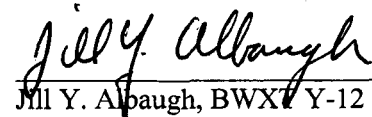
Lisa B. Carter, Contractors Human Resources Group

Oct. 25, 2007
Date



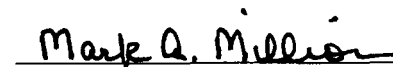
Shirley C. Vogel, BJC Contracting Officer

11/5/07
Date



Jill Y. Albaugh, BWXT Y-12 Contracting Officer

Oct. 3, 2007
Date



Mark A. Million, UT-Battelle Contracting Officer

11/5/07
Date

**DOE-ORO CONTRACTOR
REDUCTION IMPACT GROUP TRANSFER**

**Bechtel Jacobs Company LLC
BWXT Y-12 LLC
UT-Battelle LLC**

October 25, 2001

I. Background

Historically, ORO salaried and bargaining unit contractor employees in Oak Ridge (ETTP, Y-12 & ORNL), Paducah and Portsmouth have been transferred between plant locations while maintaining continuity of service for pension and severance plan purposes. Likewise, it was possible for these employees to be re-employed and have prior service re-instated according to the contractors' plan rules. These plan rules favored employees by allowing them to continue participation in the pension and severance plans without a negative impact, or build on a prior vested benefit if re-employed. In September 2000, ORO contractors' agreed that, because our missions, company policies, strategies and plans differed in principal, free movement of employees between companies beyond established transition periods without consideration of economic factors other than salary was not desirable. The ORO Contractor Human Resources Group also agreed with subsequent changes in operating practices that established the principle of treating salaried employees moving between contractors as "new hires", thus disallowing continuity of service, with the exception that employees covered under the Y-12 and ORNL joint retirement/savings and health and welfare plans are provided service date continuity.

II. Issue

Under the current agreement, employees moving between contractors after the transition period established for each contractor will be treated as "new hires". The question arises as to whether employees in a "Reduction Impact Group" should be allowed to move between Contractor companies with continuity of service consistent with provisions of the respective contract appendices.

III. Scope

The proposed solution applies to both salaried and bargaining unit employees of the respective contractors who are impacted by reductions-in-force. Bargaining unit employee movements may further be governed by applicable collective bargaining agreements.

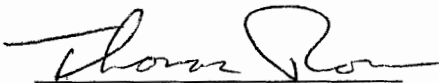
IV. Proposed Solution

Human Resources Managers of Bechtel Jacobs Company LLC, BWXT-Y12 and UT-Battelle LLC have had several meetings and conference calls to discuss "Reductions in Force" due to declining budgets. These discussions were centered around work force reductions, potential impact to the local economy, pension plans, savings plans, post retirement benefits, severance costs, relocation costs, hiring and training costs and stewardship of taxpayer monies. Based on the discussions, each of the ORO Contractor Representatives agree that allowing "Reduction Impact Group Employees" to transfer to another ORO Contractor with continuity of service would not adversely affect missions, plans, strategies, or policies. Allowing "Reduction Impact Group Employees" to transfer to another ORO Contractor could reduce relocation costs, hiring and training costs, and would reduce or defer severance costs associated with reductions-in-force. These transfers could also potentially mitigate some impact to the local economy.

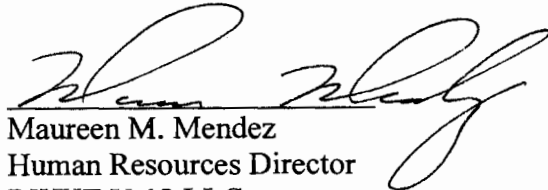
Processes will be established which allow salaried and bargaining unit employees identified as in a "Reduction Impact Group" to be considered by a hiring Contractor for transfer. If the hiring Contractor selects an individual from the "Reduction Impact Group" an offer would be extended based on the position available, the salary available for that position, and in the case of bargaining unit employees, the applicable wage rate for the specific classification.

Each ORO Contractor agrees to the Pension Benefit Guarantee Corporation plan termination formula to value assets and liabilities and that the actual transfer of assets would occur at least annually. Contractors also agree that pension assets will only be transferred when the defined benefit plans are compatible and the plans are governed by the same IRS regulations. This agreement is effective for FY 02 (10-1-2001 to 9-30-2002), to support budget short falls causing reduction impacts to the workforce. A review at the end of FY02 will be conducted to determine if a continuation of this agreement is warranted.

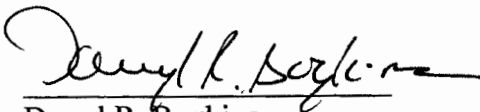
Concurrence:



Thomas Roosa
Manager of Human Resources
Bechtel Jacobs Company LLC



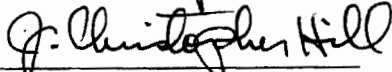
Maureen M. Mendez
Human Resources Director
BWXT Y-12 LLC



Darryl R. Boykins
Director of Human Resources and Diversity Programs
UT-Battelle LLC

Approval:

Based upon concurrence of each respective CO/COR indicated on transmittal letter.



J. Christopher Hill
Team Leader
Contractor Human Resources Group

DOE-ORO Contractor Reduction Impact Group Transfer Addendum

1. PTO will be transferred at maximum allowable limits of receiving contractor's policy. Any PTO bank above receiving contractor's limits will be paid out to employee in a lump sum at the time of transfer.
2. PTO will be transferred fully grossed-up to include tax liabilities upon transfer to receiving contractor. Gross-up tax liabilities to include:

John Hickey – Please include tax information.

3. Salaried employees with less than 5 years of Company Service with contractor they are leaving will be paid in a lump sum at the time of transfer.
4. Transferring employees cannot have a break in service between contractors for PTO transfers to be facilitated. Employees that do experience a break in service will be treated as new hires with the new contractor organization.
5. Employees' Credited Service will be recognized for 401(k) vesting purposes.
6. Employees' Company Service will be recognized for pension calculations, retirement eligibility, retiree medical eligibility.
7. Pension assets will be transferred from the losing to the gaining employer at least annually.
8. Employees' Company Service will be recognized for vacation-earning purposes.
9. The points of contact for each contractor organization are as follows:

Human Resources

BJC – Hertistine Wooten

BWXT Y-12 – Cheryl Sanz

UT-Battelle – Sheria Johnson

CFO

John Hickey

Linda Smith-Bledsoe

DeAnn Ingram

1/18/02

DOE-ORO Contractor Reduction Impact Group Transfer Agreement Updated Addendum

NOTE: This addendum has been revised to delete the statements "Salaried employees with less than 5 years of Company Service with contractor they are leaving will be paid in a lump sum at the time of transfer" (formerly Item No. 3) and "Employees' Credited Service will be recognized for 401(k) vesting purposes" (formerly Item No. 5) and also to update the contacts list in No. 7, below.

1. PTO will be transferred at maximum allowable limits of receiving contractor's policy. Any PTO bank above receiving contractor's limits will be paid out to the employee in a lump sum at the time of transfer.
2. PTO will be transferred fully grossed-up to include tax liabilities upon transfer to receiving contractor. Gross-up tax liabilities to include:

John Hickey – Please include tax information.

3. Transferring employees cannot have a break in service between contractors for PTO transfers to be facilitated. Employees that do experience a break in service will be treated as new hires with the new contractor organization.
4. Employees' Company Service will be recognized for pension calculations, retirement eligibility, and retiree medical eligibility.
5. Pension assets will be transferred from the losing to the gaining employer at least annually.
6. Employees' Company Service will be recognized for vacation-earning purposes.
7. The points of contact for each contractor organization are as follows:

Human Resources

BJC – Ruth Fullen
BWXT Y-12 – Diane Grooms
UT-Battelle – Mark Wagner

CFO

John Hickey
Rob Gifford
Greg Turner

1/18/02
Updated 12/15/06